

## Message Text

CONFIDENTIAL

PAGE 01 STATE 169905

51

ORIGIN EB-11

INFO OCT-01 EA-11 ADP-00 COME-00 NSCE-00 AID-20 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02

CIAE-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-03 DODE-00 PA-03 USIA-15 PRS-01 INT-08

GSA-02 TAR-02 /157 R

DRAFTED BY EB/ISM:WPOLIK:RDM

8/24/73 EXT. 21705

APPROVED BY EB/ICD:JJINGERSOLL

EB/ISM:DFMEYERS

EA/PRCM:PTLINCOLN, JR.

COMMERCE:BCABP:JLEVIN

----- 063589

R 271402Z AUG 73

FM SECSTATE WASHDC

TO USLO PEKING

INFO AMCONSUL HONG KONG

C O N F I D E N T I A L STATE 169905

E.O. 11652: GDS

TAGS: EIND, ETRD, CH, US

SUBJECT: US FERROUS SCRAP EXPORTS TO PRC

REF: A. STATE 150654

B. PEKING 656

1. FOLLOWING IS TEXT OF AUGUST 22, 1973 LETTER RECEIVED BY  
COMMERCE FROM US ECONOMIC CONSULTING FIRM ROBERT NATHAN  
ASSOCIATES (RNA), RE UNLOADING PROBLEMS IN PRC FACED BY  
US SCRAP EXPORTER COMMERCIAL METALS (CM):

A. BEGIN TEXT. COMMERCIAL METALS HAS HAD VARIED  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 169905

EXPERIENCE IN SHIPPING CARGOES OF FERROUS SCRAP TO THE

PEOPLE'S REPUBLIC OF CHINA. THE FIRST VESSEL, LOS NINOS, WAS DISCHARGED SO RAPIDLY THAT IT EARNED \$18,000 DISPATCH.

B. THE SECOND VESSEL, THE ALLEPPO, 17/18,000 TONS, ARRIVED AT THE PEOPLE'S REPUBLIC OF CHINA PORT IN JULY. AS OF THIS DATE, THE VESSEL HAS NOT BEEN BERTHED. WE UNDERSTAND FROM A CABLE RECEIVED THIS MORNING THAT BERTHING IS NOW SCHEDULED FOR AUGUST 26TH. THIS WAS AFTER MANY CABLES, CALLS, ETC. TO COMMERCIAL'S AGENT IN PEKING.

C. THIS VESSEL, ON TIME CHARTER, IS COSTING COMMERCIAL A NET DEMURRAGE DURING THIS WAITING PERIOD \$5000.00 PER DAY.

D. COMMERCIAL WOULD APPRECIATE A CABLE TO THE BRUCE MISSION SUGGESTING THAT PRC AUTHORITIES MAKE EVERY EFFORT TO MORE EXPEDITIOUSLY DISCHARGE AMERICAN CARGOES. WHILE SUCH A CABLE WOULD HAVE NO IMPACT ON THE ALLEPPO, ASSUMING IT DOES IN FACT START DISCHARGING ON AUGUST 26TH, IT SHOULD HAVE A GENERAL IMPACT IN THE SENSE THAT IT PUTS PRC AUTHORITIES ON NOTICE THAT THE U.S. GOVERNMENT IS INTERESTED IN EXPEDITIOUS HANDLING OF AMERICAN CARGOES.

E. THE THIRD VESSEL, THE AJAX, 24,000 TONS, IS NOW LOADING IN THE LAKES. COMMERCIAL IS MAKING STRENUOUS EFFORTS TO OBTAIN ASSURANCES FROM CHINESE AUTHORITIES THAT THIS VESSEL WILL BE PROMPTLY DISCHARGED. LEST SUCH ASSURANCES ARE RECEIVED PRIOR TO THE VESSEL'S LOADING AND CLEARING U.S. PORTS (PROBABLY WITHIN NEXT WEEK) COMMERCIAL WANTS TO SERIOUSLY CONSIDER DIVERTING VESSEL AND CARGO TO ANOTHER DESTINATION. A LONG TIE UP WAITING FOR DISCHARGE WOULD COST A NET OF \$8000 PER DAY.

F. TO DIVERT WILL REQUIRE APPROVAL BY THE DEPARTMENT OF COMMERCE FOR EXPORT LICENSE PURPOSES OF AN ORDER TO BE TAKEN AFTER JULY 1. COMMERCIAL DOES NOT HAVE ANY PRE-JULY 1 ORDERS ON HAND NOT COVERED BY VESSELS, TO WHICH THIS CARGO COULD BE DIVERTED. COMMERCIAL DOES NOT HAVE ON HAND ANY JAPANESE IMPORT CERTIFICATE ORDERS. A CERTIFICATE REPORTED FOR 17,000 LONG TONS FOR KANEMATSU, WAS LICENSED IN JULY ALTHOUGH THE VESSEL IS DELAYED AND THE

CONFIDENTIAL

PAGE 03 STATE 169905

VESSEL WILL NOT LOAD UNTIL LATE AUGUST. COMMERCIAL HAS NO ADDITIONAL ORDERS.

G. PERMISSION IS REQUESTED, SHOULD THE ELECTION TO DIVERT THE CARGO BE MADE, TO RETURN THE LICENSE ISSUED FOR THIS PRC CARGO, AND OBTAIN A NEW ONE FOR ANOTHER DESTINATION. A LOGICAL DESTINATION WOULD BE KOREA. END TEXT.

2. RNA SUBSEQUENTLY INFORMED US THAT CM'S PEKING AGENT IS MINMETALS, AND THAT TALIEH IS PRC PORT AT WHICH ALLEPPO BERTHING. TALIEH IS ALSO DESTINED PORT FOR AJAX.

3. UNLESS PROBLEMS PERCEIVED, USLO REQUESTED CONTACT MINMETALS AND/OR OTHER APPROPRIATE PRC AUTHORITIES FOR LOW KEY DISCUSSION IN GENERAL TERMS OF PROBLEMS FACED BY US EXPORTERS AND SHIPPERS DUE REPORTED DELAYS IN BERTHING AND UNLOADING. USLO MAY NOTE IN DISCUSSIONS THAT IN CASE FERROUS SCRAP EXPORTS, FINANCIAL COSTS OF SUCH DELAYS COULD RESULT IN DECISION BY EXPORTER TO SEEK DIVERSION OF SHIPMENT TO OTHER MARKETS FOR FERROUS SCRAP. FYI: IN CASE COVERED BY RNA LETTER, IN ORDER DIVERT THIS SHIPMENT TO OTHER FOREIGN BUYER CM WOULD HAVE TO FILE APPLICATION

FOR NEW EXPORT LICENSE COVERING, IN EFFECT, NEW ORDER. SINCE THIS WOULD BE A POST-JULY 1 SCRAP ORDER FOR 500 SHORT TONS OR MORE, ANY SUCH APPLICATION WOULD HAVE TO BE CONSIDERED BY COMMERCE DEPT'S HARDSHIP COMMITTEE BEFORE ANY DECISION ON LICENSING COULD BE MADE. END FYI.

4. DEPT ASSUMES MINMETALS MIGHT BE RECEPTIVE TO PROPOSED APPROACH, PARTICULARLY IN VIEW STRONG INTEREST IN US FERROUS SCRAP EXPRESSED BY T'IEH KUANG-T'AO TO USLO OFFICERS (REFTEL B, PARA 3). WE WOULD APPRECIATE REPORT ON ANY USLO DISCUSSIONS WITH MINMETALS OR OTHER PRC AUTHORITIES. WOULD ALSO APPRECIATE ANY COMMENTS OR VIEWS USLO MAY HAVE CONCERNING RNA LETTER. RUSH

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CARGO HANDLING, CARGO SHIPS, EXPORT LICENSES, METALS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 AUG 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** willialc  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973STATE169905  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** WPOLIK:RDM  
**Enclosure:** n/a  
**Executive Order:** GS RUSH  
**Errors:** N/A  
**Film Number:** n/a  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1973/newtext/t19730813/aaaaajfc.tel  
**Line Count:** 143  
**Locator:** TEXT ON-LINE  
**Office:** ORIGIN EB  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** A. STATE 150654  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** willialc  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 27 AUG 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <27-Aug-2001 by boyleja>; APPROVED <31-Aug-2001 by willialc>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** US FERROUS SCRAP EXPORTS TO PRC  
**TAGS:** EIND, ETRD, CH, US, COMMERCIAL METALS  
**To:** PEKING  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005